

UNIVERSAL SERVICE: ETC DESIGNATIONS MUST BE IN THE PUBLIC INTEREST

Issue

The determination of universal service eligible telecommunications carrier (ETC) status under the Communications Act of 1934 as amended is critical to small, rural telecommunications carriers serving high-cost areas. It is a key factor in the allocation of limited universal service funds which help carriers deliver telecommunications services to rural consumers at affordable rates.

Background

The Act essentially vests the individual state regulatory authorities with responsibility for designating telecommunications providers as ETCs. A carrier must be so designated in order to receive federal universal service support. However, the Federal Communications Commission (FCC) has the authority to make ETC determinations in cases where a state lacks such authority.

NTCA has grown increasingly concerned with the apparent ease with which new market entrants are being granted ETC designations in many states. The association is

particularly concerned that public interest standards that are to be applied to such decision making largely seem to center more on fulfilling the Act's competitive objectives rather than ensuring its universal service mandates.

NTCA Position

- Widespread ETC designations in rural markets that are already well served by incumbents are not in the public interest.
- New market entrants receiving ETC designations must live up to the mandated statutory responsibilities that accompany this designation such as being able to provide services, and advertising accordingly, throughout the market area.
- The public interest mandates that regulators seriously consider whether a particular market can support more than one bona fide ETC designated carrier. If not, then new ETC designations should not be given as a matter of course simply because it appears the other qualifications necessary for such designation have been met.



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